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ECONOMIC AND SOCIAL COUNCIL

Substantive session of 1997

PROVISIONAL SUMMARY RECORD OF THE 8th MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, 1 July 1997, at 10 a.m.

President: Mr. GALUSKA (Czech Republic)

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GENERAL ASSEMBLY RESOLUTION 50/227 (continued)

Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva.

The meeting was called to order at 10.05 a.m.

OPERATIONAL ACTIVITIES OF THE UNITED NATIONS FOR INTERNATIONAL DEVELOPMENT
COOPERATION:

- (a) COORDINATION OF ACTIVITIES ON A SYSTEM-WIDE BASIS: FUNDING FOR
OPERATIONAL ACTIVITIES FOR DEVELOPMENT: IMPLEMENTATION OF
GENERAL ASSEMBLY RESOLUTION 50/227 (agenda item 3 (a)) (continued)
(E/1997/65 and Add.1-4; A/55/155-E/1997/68, E/1997/78)

High-level meeting

Mr. DESAI (Under-Secretary-General in Charge of the Economic and Social Departments) introduced the report of the Secretary-General and its addenda (E/1997/65 and Add.1-4). Those documents were centred on the three topics which the Council had selected for its 1996 session: resources for operational activities, field- and regional-level coordination and capacity-building; the last addendum was a compilation of statistical data on operational activities. He hoped that the Secretary-General's recommendations would inspire fruitful debate and lead to the adoption of clear policy guidelines.

Mr. SPETH (Administrator, United Nations Development Programme (UNDP)) said that, from the perspective of the United Nations funds and programmes, the most important aspect of General Assembly resolution 50/227 was doubtless the future funding of operational activities for development. The resolution called for the funds and programmes to adopt specific, realistic targets for core resources, based on the needs arising from their programmes and mandates. He planned to present a proposed funding strategy for UNDP to the Executive Board in September 1997.

The proposed funding strategy emphasized three basic concepts, which were set forth in the annual UNDP report to the Council (E/1997/79): making UNDP more efficient and transparent so as to increase its attractiveness at a time when major traditional donors might be downsizing their own aid infrastructure and institutions; showing emerging donors from the newly industrializing countries that, as economic globalization continued, the countries targeted for core funding by UNDP were potential economic partners and that contributions to core resources could help those potential partners to develop, increasing long-term mutual gains; and seeking additional core contributions from net recipient countries. Basically, UNDP must encourage

its major donors to increase contributions and must expand its donor base to other countries which were currently better able to contribute.

The needs of UNDP programme countries, particularly the poorest, were enormous and continued to grow, whereas the availability of core resources continued to stagnate and even decline. Core resources would account for only \$800 million of the \$2 billion of UNDP resources for 1997. Core resources could not be replaced by other resources if UNDP and multilateral cooperation were to survive. The UNDP Executive Board, in a decision on change management, had once again emphasized the importance of core resources as the foundation of the UNDP resource base. However, despite reforms and increased productivity, the target figures were far from being reached.

It was his fervent hope that the Council would encourage Member States to give the executive boards of all the funds and programmes the support which they needed in order to carry out their funding strategies. The Secretary-General's report on progress in the implementation of General Assembly resolution 50/120 (E/1997/65) made vigorous recommendations which dealt specifically with measures to increase core and non-core resources. Those recommendations reflected the Council's position and comprehensive guidance.

Mr. WOHLFART (Luxembourg), speaking on behalf of the European Union and various associated countries (Bulgaria, Cyprus, the Czech Republic, Estonia, Lithuania, Slovakia and Slovenia), said the European Union considered that the United Nations played a unique role in supporting the development process. It was therefore essential that the United Nations system should be able to offer both donor and recipient countries a high-quality instrument in areas where it enjoyed a comparative advantage. That objective could only be achieved through a profound process of reform and renewal. For that reason, the European Union attached great importance to the implementation of all the provisions of General Assembly resolutions 50/120 and 50/227. The European Union congratulated the Secretary-General on the first set of measures which he had put in place concerning the strengthening of the United Nations presence in the field and awaited with interest the presentation of the second part of that reform, which should have an impact on the operational activities of the United Nations system.

Contributions to the major funds and programmes had remained stable over the past few years, despite the negative trend in official development assistance (ODA). However, within that overall sum, there had been a reduction in core and an increase in non-core resources, the latter of which now accounted for over 50 per cent of the total resources available for operational activities. Furthermore, about 15 major donor countries, 10 of them members of the European Union, provided almost 90 per cent of core resources: as the Secretary-General had noted, such a distribution posed a threat to the activities of the funds and programmes. The European Union was thus the main contributor to the system since it provided, for example, nearly 60 per cent of UNDP core resources.

The European Union, which had already made known its general views on the funding of operational activities by forwarding to the Secretary-General its proposals for reform of the United Nations system in the economic and social areas in January 1997, wished to make several points. The executive boards of the funds and programmes should establish clear priorities since it was in regard to those priorities, as well as to the commitments entered into and the resources available, that needs could be evaluated. Furthermore, the executive boards should establish a clearer link between the volume of activities and the need for resources. The European Union also encouraged the executive boards to adopt specific, realistic objectives for their core resources and to be guided by General Assembly resolution 50/227 in making their own funding arrangements.

With regard to resource flows and their predictability, while emphasizing the importance of directing private capital flows towards developing countries and the need for appropriate national policies to attract such capital, the European Union reaffirmed its ongoing commitment to achieving its development assistance target of 0.7 per cent of gross national product (GNP) as quickly as possible.

Burden-sharing should be based on the recognition that the financing of operational activities was a joint responsibility of all Member States: a new partnership, based on a shared assessment of United Nations goals in the development field, must be established and reflected in a fair distribution of the financing burden, including by countries which had successfully exited from developing country status. Ways should be found to reallocate savings

resulting from reform and improved cost-effectiveness in order to strengthen operational activities. Funds raised from new and innovative sources should contribute towards commitments and overall priorities adopted by common agreement at major international conferences.

Since the tendency of donors to attach conditions to their contributions had been confirmed over the past few years, the funds and programmes should adopt a new approach which would take into account the consequences and potentials of that trend. Since it was essential to increase the core resources available to the system, the executive boards of the funds and programmes should attempt to draw lessons from the increase in non-core resources and to transfer those lessons in order to make core resources more attractive. The European Union welcomed the recent decisions taken by the executive boards, which had increased the impact and effectiveness of operational activities at the country level.

Mr. MCHUMO (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, said that those countries attached great importance to operational activities for development. Adequate, predictable and regular funding was indispensable to the pursuit of those activities. Unfortunately, for many years, there had been a considerable decrease in the core and voluntary resources of the funds and programmes, in part because some donors had adopted a rather restrictive interpretation of the roles of the bodies in question.

The General Assembly, in its resolution 50/227, had postponed a decision concerning the future of the United Nations Pledging Conference for Development Activities. Before such a decision was taken, it was important to put in place an alternative mechanism for fund-raising. He therefore hoped that the Council would consider the matter at its current session and make appropriate recommendations to the General Assembly.

Since operational activities were carried out for the benefit of recipient countries, their integration into the national development process was of the utmost importance. Programmes implemented under those activities should be country-driven, make the greatest possible use of national expertise and take into account the specific situation of each country. In that regard, he welcomed the strengthening of the resident coordinator system. While there

was a need for further refinement of that system, it was essential to programme success that the resident coordinators should remain the focal points for dialogue at the country level.

The country strategy note (CSN) was also very important in enhancing the effectiveness of country programmes. In countries where the CSN was still under preparation, the United Nations system must continue to rely on existing national policies and programmes. Countries should be given enough time to produce good CSNs arising from broad-based consultations. On the other hand, the Group of 77 and China were not convinced of the usefulness of a regional strategy note, an idea which needed to be further developed.

Mr. ORDGIONIKIDZE (Russian Federation) commented on the Secretary-General's report on trends in core and non-core resources (E/1997/65/Add.1). Donor fatigue, problems connected with the efficiency of funds and programmes and the shift from multilateral to bilateral aid were often named as reasons for the decrease in core resources. His delegation believed that the primary cause was the fact that, contrary to many resolutions and decisions, those resources were not guaranteed on a predictable, continuous and assured basis. The goal of the Council's high-level meeting on the implementation of General Assembly resolution 50/227 was to find ways of reversing that trend.

In recent years, the scope of activities of the funds and programmes had expanded considerably while the overall funding base had increased only marginally; in fact, there had been a decrease in core resources and an increase in non-core resources. The latter's utilization was sometimes beyond the control of the executive boards; if that trend continued, it might affect programme activities based on national plans and priorities and endanger the balanced, universal character of United Nations operational activities.

However, changing the relationship between core and non-core resources was not in itself a goal. The main criteria should be whether the plans and priorities of recipient countries were met and whether the efficiency of programme delivery was improved. One of the main reasons for the decrease in core resources was the low efficiency of their utilization by some recipients. Therefore, the funds and programmes should seek to establish favourable national environments for better use of technical assistance, national capacity-building and execution. However, substantial improvement in the

funding of operational activities would depend on whether the funds and programmes themselves made efforts to achieve greater efficiency and whether traditional donors had the political will to increase their support for United Nations development activities. The donor base should also be expanded, particularly as such an expansion would encourage traditional donors. At present, the United Nations Children's Fund (UNICEF) and UNDP were virtually the only agencies which could count on a sufficiently broad donor base. For its part, UNDP had been correct in more actively involving country offices in the mobilization of additional resources. It was also important to call on non-governmental sources, including the private sector, and recipient countries themselves as a source of additional resources.

The idea of negotiated pledges needed further consideration since, while it had certain merits, it also had disadvantages. His delegation was convinced that any proposals for an increase in core funding should be based on the fundamental characteristics of operational activities, their universal, neutral, voluntary and grant nature; hence, it saw no need to disrupt a system which had justified itself over the years.

All the multilateral institutions and bilateral donors must ensure effective coordination of their activities. Greater efforts should be made in that regard, and it was the United Nations system which, given its universal and neutral nature, should take on that responsibility. Coordination should also be raised from the level of information exchange to that of programme implementation.

His delegation considered that the timing of the Pledging Conference should be changed in order to synchronize it with the budget cycles of donor countries. In any case, the search for an optimal mechanism for pledging should be continued.

Ms. RASI (Finland) associated herself with the statement made on behalf of the European Union and said that all countries were responsible for their development processes. They must demonstrate their commitment to the funds and programmes responsible for operational activities in the field of development and contribute to the financing of the system. At the same time, those activities should be reorganized in order to make them more effective. In that regard, the provisions of General Assembly resolution 50/227 were still valid. Unfortunately, little had been done to implement them.

Stagnation of core resources, use of the United Nations system to channel bilateral assistance and the placing of conditions on core resources which did not necessarily correspond to the priorities of recipient countries were among the trends which compromised the multilateral nature of operational activities for development.

Furthermore, most of the United Nations development programmes depended on a small group of donors whose short-term concerns and economic difficulties naturally had an impact on those programmes. There was therefore an urgent need to develop a new funding system with clear, universal criteria. The three mechanisms mentioned in resolution 50/227 - assessed, negotiated and voluntary contributions - should be considered by the governing bodies of the various programmes and funds, which should submit their suggestions to the General Assembly during the triennial policy review scheduled for 1998. Consideration should also be given to ways of expanding the resource base, perhaps by calling for contributions from non-governmental sources and exploring new funding mechanisms.

Everything possible should be done to ensure solid, predictable core funding, supplemented, if needed, by earmarked donations for activities clearly within the mandate of the respective organizations in order to avoid duplication.

Finland did not intend to reduce its contribution to operational activities for development and had reaffirmed its commitment to attaining the ODA target of 0.7 per cent of GNP; to that end, it had increased its annual contribution.

Mr. MARIN (Observer for Bulgaria) said that Bulgaria, with an economy in transition, was a beneficiary country and, as such, was in a position to articulate the need for a strengthened United Nations role in multilateral cooperation for development.

The future of such cooperation must be seen within the broader context of United Nations reform. In that regard, his delegation supported the measures taken by the new Secretary-General and believed that consideration of funding of operational activities should be guided by the provisions of General Assembly resolution 50/227. It agreed with the European Union that, in assessing the need for financing, due consideration should be given to the

decisions adopted by the executive boards of the funds and programmes. There should be a direct link between the volume of activities and the resources allocated.

All countries should share the funding of operational activities in accordance with their means. Despite its present economic hardships, Bulgaria was strictly fulfilling its financial obligations. He also expressed support for strengthening the resident coordinator system, which played a key role in coordinating the various activities undertaken by United Nations bodies in support of country-driven development objectives.

Mr. POSAYANOND (Thailand) said his delegation had been interested to learn of the proposal to consolidate the operational activities of four United Nations bodies - UNDP, UNICEF, the United Nations Population Fund (UNFPA) and the World Food Programme (WFP) - into a single United Nations development group. The proposal was a very challenging one, and the development bodies should be encouraged to consider it in a constructive spirit.

In order to enhance the effectiveness of operational activities, their funding must be increased in accordance with the growing needs of developing countries in order to promote the latter's autonomy. However, there had been a steady decline in core resources, a tendency which could only hinder the activities of the United Nations funds and programmes. They should therefore be encouraged to seek new sources of funding, for example, the private sector, provided that the interests of that sector were compatible with the objectives of sustainable development. In any case, private sector funds could not replace ODA. Developed countries whose ODA was not commensurate with their capacities should be encouraged to increase their contributions.

Finally, apart from funding, another important factor in the success of operational activities for development was the establishment of a genuine partnership among donors, recipient countries and United Nations bodies. Thailand had always enjoyed close cooperation with all its development partners and was convinced that that spirit of partnership must be developed and encouraged.

Mr. FUST (Observer for Switzerland) said that development cooperation was going through a difficult period. While some developing countries were able to manage without ODA, many others were more dependent on

it than ever. Under those circumstances, the principal United Nations funds and programmes were faced with a double challenge. On the one hand, increasing demands were placed on them - for example, they had been asked to handle follow-up to the major international conferences - while their core resources were failing to increase, and even decreasing. On the other, growing competition between the various donors was resulting in duplication which the international community could no longer afford.

Switzerland therefore actively supported the recently undertaken reforms of those funds and programmes. The recently announced Track One of those measures had been a good beginning which should lead to concrete improvement in the near future. For example, better coordination and closer cooperation at the country level could be expected thanks to a strengthened resident coordinator system.

With regard to the methods of funding the funds and programmes, pledging contributions on an annual basis had disadvantages but it was clear that, without a minimum of continuity and predictability in funding, agencies would increasingly be forced to seek multilateral funding sources which could only compromise their independence.

Core resources had a key role in operational activities. Switzerland would continue to assume its share of funding them, although it was in favour of achieving a new balance between traditional donors and new funding sources. It was also prepared to discuss various methods of ensuring a more predictable resource base for the funds and programmes, provided that the latter could demonstrate their effectiveness and their relative advantage over bilateral channels of assistance.

Ms. SADIK (Executive Director, United Nations Population Fund (UNFPA)) said it was essential to improve the financing of operational activities in order to ensure a steady, predictable flow of resources. While the various methods of funding proposed by the Secretary-General in his report were interesting, it was important that multilateral or earmarked assistance should not compromise core resources and that support should always be provided as part of an agreed national programme. The International Conference on Population and Development (ICPD) had been the only United Nations conference to spell out a schedule of resource mobilization in order to achieve a specific set of development objectives.

The success of the Programme of Action approved at that conference would depend on an increase in resources. While UNFPA appreciated the fact that its annual resources had risen from \$212 million to \$313 million between 1990 and 1995, there had been no increase from 1995 to 1996. The international community must provide additional resources in order to meet the needs of the developing and, in particular, the least developed countries in the areas of population and reproductive health and to support those countries' own efforts in those areas. If the financial goals established at the Conference were not achieved, the short- and long-term consequences would be serious for millions of children and women who would be deprived of their human and, in particular, their reproductive and sexual rights.

The recently concluded agreement between UNFPA and the European Commission on a regional programme executed by non-governmental organizations (NGOs) in several Asian countries might foreshadow an expansion in that type of multi-bilateral funding. Debt-swap agreements were another potential major source of resources. However, nothing could replace regular contributions to the core resources. It must be emphasized that voluntary contributions, on which the voluntary funds and programmes were entirely dependent, were the first to be cut at the expense of essential areas of development. It was therefore of the greatest importance for donor and recipient countries to restore the concept of a partnership for development and to respect the financial commitments that they had made at the International Conference on Population and Development.

Mr. Myung Chul HAHM (Republic of Korea) emphasized the need to re-examine and improve operational activities in order to meet the challenges of a changing world economy and its increasing risk of marginalization for the most vulnerable countries. His delegation therefore supported the Secretary-General's recommendations for capacity-building and believed assistance in that area should focus more closely on long-term results and that criteria for evaluation and guidance should be established on a system-wide basis.

In its efforts to strengthen South-South cooperation, the Republic of Korea attached great importance to capacity-building and, while it did not claim to be a role model, was convinced that its own development experience could be of use to other countries. In that spirit, it had

established the Korea International Cooperation Agency in 1991 and planned to invite 1,270 trainees from 85 developing countries, to dispatch 70 experts to 33 countries and 4 international organizations, to send 140 volunteers to 23 countries and to contribute \$35 million to building technical apparatus and promoting technical products during 1997.

His delegation noted with concern the decline in ODA and the stagnation of resources for operational activities and supported the Secretary-General's various recommendations for the mobilization of additional resources and more efficient use of existing funds. It favoured broadening the core resource base and believed that Member States should demonstrate the necessary political will and increase their contributions to the Organization's operational activities. For its part, Korea had increased its voluntary contributions to \$20 million in 1997 and planned to increase them further in 1998. It welcomed the suggestion that funds should be sought from non-governmental sources, including the private sector.

With regard to coordination, his delegation was in favour of strengthening the role of the resident coordinators, full implementation of the CSN system and the establishment of common premises. It considered that regional and subregional approaches could increase the effectiveness of programmes, welcomed a trial implementation of regional strategy notes and hoped that a report on the results of that experiment could be submitted to the Council at its next session.

Mr. KONISHI (Japan) said that the participants in the recent Denver summit had reaffirmed their commitment to a new global partnership for development. On the basis of his own country's New Development Strategy, he wished to make a number of comments on funding for operational activities. Firstly, he emphasized the important role of the private sector (which, moreover, had increased considerably during the past 10 years) and encouraged the United Nations funds and programmes to adjust their funding arrangements so as to facilitate participation of that sector in their operational activities, channelling private flows to a wider circle of developing countries.

Secondly, he stressed the growing importance of South-South cooperation and appealed to the newly industrialized countries, which were often better able than developed countries to respond to the particular needs of developing

countries, to participate actively in the operational activities of the United Nations. The usefulness of South-South cooperation had been reaffirmed at the second Asia-Africa Forum, which Japan had organized at Bangkok in cooperation with the United Nations and UNDP.

Thirdly, it was important to review operational activities in the context of their respective mandates and comparative advantages in order to rationalize them and eliminate any duplication and to review the staffing levels of the funds and programmes and related departments of the Secretariat in terms of efficiency and competence.

Fourthly, it was essential to enhance the cost-effectiveness of operational activities. To that end, the funds and programmes should follow the recommendation made in General Assembly resolution 50/227 by adopting a specific and realistic target for core resources and should ensure a direct relationship between resource requirements and specific development targets.

Fifthly, Japan considered that multi-bilateral cooperation, by facilitating resource mobilization and creating synergies, was an important mechanism for improving aid coordination and efficiency and should be encouraged. Japan and UNDP, for example, had dispatched a study mission to India and Pakistan in November 1996, as a result of which several projects of that type had been initiated.

Mr. MARRERO (United States of America) said that the United Nations, through its funds and programmes, played a unique and pivotal role in fostering sustainable development thanks to its advantage in coordination-related matters and that the challenge was to improve that coordination without increasing bureaucracy. Harmonized budgeting, programming and priority-setting through common country assessments and development assistance frameworks would make it possible to provide more effective assistance to those who really needed it. The resident coordinator system should be strengthened while maintaining individual agencies' access to the host Government and programme accountability. The current practice, whereby UNDP provided administrative support to the resident coordinators did not necessarily entail conflicts of interest; however, tensions could be minimized by issuing a clear directive that the resident coordinator must represent the mandates and interests of all funds and programmes. In the

future, candidates from other agencies should be encouraged to apply for that post, and the goals should be to attain an overall level of parity.

Reforms undertaken in the Secretariat, UNICEF and UNDP should also help to improve coordination in the field. However, the question of funding remained crucial. His delegation recognized the importance of core resources and believed that the various funds and programmes should explore new ways of encouraging voluntary contributions in that regard. However, it considered that non-core resources, mobilized with the agreement of the host Government and in accordance with its development priorities, could effectively supplement core resources without detracting from the neutrality of United Nations agencies.

While his delegation believed that efforts to make core contributions more predictable should be pursued, he pointed out that some Member States, such as his own country, could not make multi-year commitments or negotiated pledges because of the nature of their budget process.

Furthermore, the United States did not see the usefulness of setting goals for ODA and refused to accept the "agreed target" mentioned in resolution 50/227. He also reiterated his Government's strong objection to any form of international taxation.

Further reform within the Secretariat offered a real prospect for savings that could be channelled into development. In particular, all capacity-building activities should be handled by a single agency, probably the United Nations Office for Project Services (UNOPS). If reform was to encompass not merely change, but also progress, efforts must be made to promote more efficient use of the resources at hand in order to help the impoverished people of the world.

Mr. SOEPRAPTO (Observer for Indonesia) said developing countries considered that the operational activities of the United Nations development system were indispensable to their own efforts. Their universality, voluntary basis and neutrality made them central to capacity-building in those countries. However, in order for their positive impact to continue, it was imperative that adequate resources should be made available on a predictable, continuous and assured basis. That requirement had become more important than ever since the advent of rapid globalization and the commitments made at recent major United Nations conferences. Voluntary

contributions from official sources should remain the primary funding base for those activities, as emphasized in General Assembly resolution 50/227 and the Secretary-General's report. However, despite those decisions and renewed commitments, total available resources had continually diminished and core resources had plummeted. The resources available for operational activities were not commensurate with the increasing needs of the developing countries. The current imbalance between core and non-core resources - which lacked the universality and neutrality of core funding - was also a matter for concern: the percentage of core resources should, therefore, be increased. To that end, there was an urgent need for new strategies, such as the three-pronged approach recommended by the Secretary-General. Furthermore, strengthening the resident coordinator system as a way of improving programme efficiency and enhancing transparency within operational activities should make it possible to attract increased flows of resources. Donors, in turn, should confirm the fundamental characteristics of the funding of operational activities, which, as the Secretary-General had stated, must be voluntary, neutral and multilateral. The critical issue of eliminating poverty should inspire an increase in core resources. He hoped that the international community would mobilize the necessary political will so that the targets agreed and the commitments assumed could be fulfilled and the ODA target of 0.7 per cent of GNP could be achieved.

Mr. MARCH (Australia) said Australia shared the goal of eliminating poverty, it wholeheartedly supported the United Nations development system and endorsed a strategy for capacity-building as both a means of implementation and a valid goal. There was no lack of guidance on development priorities, including reports, the outcome of international conferences and General Assembly resolutions, particularly 50/120 and 50/227.

There was a need for funds in order to implement those resolutions. However, ODA was stagnating or declining and multilateral assistance was decreasing whereas targeted funding was increasing. There had also been a drop in core resources. It was natural to wonder about the reasons for that situation: could it be that the current model was not perfect?

The United Nations funds and programmes must be able to demonstrate success in order to obtain funding from donors. They should also embark upon reforms, some of which had already been undertaken. Reform must be viewed not

as an end in itself, but as part of a strategy. It should not promote independent action on the part of national plans and priorities, but rather should increase the effectiveness of activities undertaken in order to obtain the necessary funding for development. Other elements of that strategy included timely and complete payment of United Nations dues and pledges, full implementation of resolutions 50/120 and 50/227, better orientation of United Nations activities so as to attract private-sector support and efforts to expand the donor base. Australia would continue to support the United Nations funds and programmes, provided that they were effective and adopted the necessary reforms. It supported the idea of a United Nations system which would be well-funded, effective and able to address the question of poverty elimination in the countries of greatest need.

Mr. YUAN Shaofu (China) said that, with the steady development of global economic integration, economies had become increasingly interdependent. The rapid economic growth of some developing countries, primarily through their own efforts, was therefore an important contribution to the development of the world economy. However, it was important to remember that there were few such countries and that their development was not necessarily balanced and sustained. The international community, and developed countries in particular, should therefore assist them by providing funds, technology transfer and increased development assistance. It had been hoped that peace dividends would be used to facilitate the economic and social development of poor countries, but such hopes had proved vain.

His Government had always attached great importance to, and had supported, the operational activities of the United Nations system for development and technical assistance. However, the shortage of funds was hindering those activities. In some cases, the resources mobilized had fallen far short of the targets that had been set, which had posed a serious obstacle to the implementation of aid programmes. His delegation appealed to all developed countries to demonstrate their political will on the funding issue and to earnestly implement the relevant General Assembly resolutions (48/162, 50/120 and 50/227). With regard to the Secretary-General's recommendations, his delegation considered that core resources, which were the basis of funding for operational activities, should be fundamentally guaranteed and that voluntary contributions from the developed countries should continue to be the primary source of such resources. Negotiated contributions should make it

possible to ensure burden-sharing between developed countries, and assessed contributions should account for no more than 5 per cent of core resources. Furthermore, local costs borne by recipient countries should be counted as assessed contributions. Lastly, his delegation believed that the annual pledging conference for development activities should be continued.

Ms. BELLAMY (Executive Director, United Nations Children's Fund (UNICEF)) said that the predictable, continuous and assured funding of operational activities was indispensable if the United Nations system for development assistance was to fulfil its mandate and carry out the reforms which had been undertaken and which, in turn, would make possible an increase in available resources. It was unfortunate that certain past commitments concerning contributions had not been fulfilled. New mechanisms for burden-sharing must therefore be sought. For example, during the previous year, the private sector had contributed nearly \$300 million to UNICEF, a third of its budget. However, 40 per cent of its resources had come from the five, and 60 per cent from the 10, principal donors.

Nevertheless, there had been progress in burden-sharing. Developing countries, for example, were mobilizing resources for their own programmes. Thus, Brazil had provided nearly \$14 million in 1996.

Various factors influenced the volume of available resources: variable contributions, exchange rates, "favouritism" towards a given country or politicization of supplementary contributions. Core resources - which could be used flexibly and efficiently - were inherent to multilateralism. In order to increase them, it was necessary to ensure operational efficiency and transparency, demonstrate results, produce reports on time, carry out reforms, ensure that a larger percentage of ODA was devoted to multilateral assistance, seek new funding sources from the public sector, partnerships with civil society and new donor countries, and, finally, seek new areas of activity such as governance, the rights of the child, child labour, democratization and sexual exploitation. However, it must be remembered that not all problems could be solved by turning to the private sector. Resource mobilization was an extremely problematic and specific activity, and the best way of obtaining funds was still to demonstrate impressive results.

The meeting rose at 12.20 p.m.

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ECONOMIC AND SOCIAL COUNCIL

Substantive session of 1997

PROVISIONAL SUMMARY RECORD OF THE 9th MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, 1 July 1997, at 3 p.m.

President: Mr. GALUSKA (Czech Republic)

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(A/52/155-E/1997/68, E/1997/65 and Add.1 and E/1997/78)

Ms. HAGA (Observer for Norway) said that her Government was responding to the call for mobilization of resources for sustainable development by more than meeting the Official Development Assistance (ODA) goal of 0.7 per cent of gross national product (GNP) established by General Assembly resolution 50/227. However, although the United Nations system was facing greater demand for action on the part of the global community, ODA had shrunk to an all-time low of 0.27 per cent of GNP and only a handful of countries had attained the goal of 0.7 per cent.

Over the years, the United Nations system's economic and social activities had developed a complex system of funding mechanisms. Fewer than 10 countries covered 80 to 90 per cent of the core budget, leading to excessive dependence and unfair burden sharing. The system of voluntary pledges for the financing of development activities had led to an unpredictable resource base, and the growing emphasis on extrabudgetary funding fragmented the system, undermined the role of governing bodies and made coordination within the system more difficult.

Norway and the Nordic countries had called for a new funding arrangement which would ensure predictability and continuity, increase burden sharing among Member States and encourage broader responsibility for the financing of development activities. Administrative costs should be shared by all members and there should be a clear connection between programmed activities and funding. The Nordic United Nations Reform Project of 1996 proposed a funding model based on a system of assessed, negotiated and voluntary contributions.

Assessed contributions would cover the administration of funds and programmes at the country and headquarters levels and could be based on the existing scale of assessment, on a separate scale for development activities based on the existing scale, or on a separate scale specific to development activities.

Core programmes of the development system could be financed through negotiated contributions or through replenishment of core programmes within the framework of the proposed United Nations development group. Negotiated contributions would establish clear links between programmes and financing; however, they would have the disadvantage of vulnerability, as had been seen in the most recent International Development Association (IDA) negotiations.

Extrabudgetary activities could be financed through voluntary contributions which might include financing linked to specific programmes, broader global funds within individual organizations or joint undertakings by several United Nations agencies or between United Nations agencies and the Bretton Woods institutions. The aim should be to establish a clear link between the broader sectoral and thematic programmes and the core programmes which would be financed through negotiated contributions.

It was also important to find new funding sources for development activities, including the private sector. Her Government supported exploration of the possibility of a tax on aviation fuel, non-renewable energy or the use of credit cards.

As prospects for a comprehensive reform of the United Nations development system diminished, the trend towards a reduction in core resources and increased earmarking might continue, hampering the system's ability to carry out its advocacy role. Her delegation welcomed the Secretary-General's plan to present financial proposals on 16 July 1997. It would prefer a mechanism including assessed contributions or, failing that, negotiated contributions supplemented by voluntary ones.

Mr. NICULESCU (Romania), having endorsed the statement by the representative of Luxembourg on behalf of the European Union countries, said that three aspects of the Secretary-General's report (E/1997/65) seemed particularly important: harmonization, capacity-building and the role of the resident coordinator.

The proposals for reform to be submitted by the Secretary-General would be of key importance for the discussion at the Council's current session. Harmonization of the United Nations system should include the funds and programmes but also relations with the specialized agencies, the Bretton Woods institutions and other major participants in development financing, including the private sector. The programming cycles of all agencies should be in step, since that was essential to the development of country strategy notes (CSN).

implementation at the national level and the resident coordinators' activities. Harmonization of procedures and, in particular, budgets, at the country level - where the resident coordinator played a fundamental role - and of goals and activities at the regional and central levels should be pursued.

It was unfortunate that the regional commissions had not been consulted in the preparation of the regional cooperation framework recently adopted by the Executive Board of the United Nations Development Programme (UNDP)/United Nations Population Fund (UNFPA).

The programmes of action adopted at recent United Nations world conferences had helped to increase the interest and participation of international financial institutions, non-governmental organizations (NGOs) and other major groups. The Council could provide an opportunity for in-depth dialogue between government representatives and participants in the follow-up to conferences, which might lead to better coordination and the long-term harmonization of specific activities.

The Secretary-General's report suggested that the United Nations system should continue to pursue and develop a common understanding of capacity-building (E/1997/65, para. 17). Those efforts should be accompanied by an attempt to identify the specific needs of each country, since a common understanding did not preclude the need for action tailored to the needs of its beneficiaries. Any effort to define capacity-building should identify challenges to national development in the context of increased interdependence between national economies and the participation of non-governmental actors. The Council had the necessary expertise and the mandate to coordinate activities in the economic and social sectors which would allow it to open the debate.

The ongoing reform of operational activities on the basis of General Assembly resolutions had established the resident coordinator system as the essential factor in the coordination of activities and programmes at the national level. The annual session of the Executive Board of the United Nations Development Programme/United Nations Population Fund (UNFPA) had recently decided to reorganize UNDP so as to decentralize its activities. His delegation supported that approach, which reflected the need to harmonize

activities, increase efficiency, reduce costs, rationalize the use of resources, and simplify dialogue with the Governments of recipient countries.

However, the resident coordinator posts must be filled by highly qualified individuals with professional experience, managerial abilities, flexibility and wisdom. Success of the resident coordinator system would require a change of attitude on the part of all United Nations agencies and would depend primarily on support from headquarters.

Mr. CELEM (Turkey) said that the United Nations development agenda must be implemented in an increasingly global world economy where growth and sustainable development went hand in hand with interdependence and the risk of instability, marginalization, and fragmentation of societies. Countries entered the new system from very different starting points. As a result of insufficient institutional and legal frameworks, human resources, supply capacities and supporting social policies, the developing and, in particular, the least developed countries (LDCs) had difficulty in deriving maximum benefit from, and coping with, the inherent challenges of development. The international community, the United Nations system and the developing countries themselves, should work together to address those problems.

While Governments were primarily responsible for creating the domestic environment and infrastructures necessary to growth and development and providing the appropriate political and social conditions for economic liberalization, the United Nations could offer a global vision and support operational activities to supplement the efforts of the developing countries. His delegation supported ongoing activities to make the Organization's operational activities more efficient and cost-effective and considered that those measures should be accompanied by more rational, effective, innovative and predictable funding mechanisms. The political will and constructive contributions of the donor community, Member States and other governmental and non-governmental organizations were essential if funding was to be ensured on a universal, voluntary basis.

Complementarity and harmony must be maintained between the mandates, mission statements and general priorities of the agencies involved in United Nations operational activities, which should take into consideration the policies and development priorities of the beneficiary countries. United Nations reform should take account of the mandates of the various

sectoral and specialized entities and ensure that major decisions on funding arrangements remained vested in their governing bodies.

Particular attention should be given to strengthening operational activities at the regional and subregional levels in order to ensure a better response to the conditions and environments of specific regions. The United Nations system should cooperate closely with other regional and subregional economic groups to prevent duplication, make optimal use of scarce resources and enhance capacities through networking, transfer of expertise and normative guidelines. It was important to build a lasting partnership between developed and developing countries, multilateral organizations and institutions, Governments and civil society and the public and private sectors as a means of achieving human-centred sustainable development and of providing new resources.

Ms. BERGERON (Canada) said that the fundamental principles of United Nations operational activities - their universality, voluntary and grant nature, neutrality and multilateralism - had been clearly articulated in General Assembly resolutions and should guide the Organization's work in development assistance. Core resources were a primary financing tool for the United Nations agencies. The trends in core and non-core resources were not encouraging and, although the current climate was not conducive to substantial increases in ODA resources for multilateral activities, efforts must be made to stop their erosion.

It was imperative that funding for operational activities should be managed efficiently and effectively to ensure that it was used on the ground, where it was most needed. Some resources for development programmes could be generated by increased efficiency at the system level, including enhanced use of common services in the field and at Headquarters, and by a more efficient and accountable United Nations system to which her delegation hoped that the Secretary-General's Track Two proposals would contribute.

It was also important to identify ways of obtaining additional resources, including non-governmental funds from the private sector and international foundations and the possibility of enlarging the donor base. The fact that 90 per cent of core resources came from 10 per cent of Member States made it difficult to provide a solid financial basis for a

reliable development system, and countries that had made significant progress in their own development efforts should be encouraged to contribute to the development of their needier partners.

Efforts must be made to ensure a better balance between core and non-core resources; while the former were of primary importance, the latter had a growing role in operational activities and must respond directly to the mandate and objectives of the individual agency.

Development funding must be provided on a more secure and predictable basis. Multi-year funding schemes involving cycles of programming, execution and monitoring and the possibility of linking programming with accountability should be explored in an effort to ensure that voluntary undertakings, which were expected to remain the main channel for development financing, were translated into firm commitments. Her delegation endorsed the Secretary-General's recommendation that the Council should establish an appropriate process for further consultations on possible means of placing the agencies on a sounder financial footing.

Mr. MABILANGAN (Philippines) having endorsed the statement by the spokesman for the Group of 77, welcomed the progress reported by the heads of the United Nations agencies in the implementation of General Assembly resolution 50/227 but emphasized that the process should be completed as quickly as possible. The resident coordinator system should be strengthened and backed by financial resources commensurate with its responsibilities. The existing administrative support structures of the various agencies should be streamlined to make additional resources available to the resident coordinator system.

The United Nations Development Assistance Framework (UNDAF) should be established and anchored in the Country Strategy Note (CSN), if one existed, or an equivalent document spelling out the development priorities of the Member State in question. The next steps in the reform process should include a timetable for completion of the strengthening of the resident coordinator system, capacity-building and technical assistance for Member States without a CSN or equivalent, and acceleration of reforms to rationalize coordination of the regional programmes.

Completion of the reforms of field-level coordination and capacity-building were necessary but were not sufficient to achieve the aims of resolution 50/227. Resources to support the operational activities of the

funds and programmes must increase in a continuous and predictable manner in order to meet the needs of developing countries.

The Philippines, like other developing countries, had supported many reforms undertaken to make United Nations agencies more attractive to donors, including restructuring of their governing bodies, modification of programme arrangements in resource allocation and streamlining of areas of activity, but had yet to see any increase in their resources. The Member States had agreed, through General Assembly resolutions, that the overall reform process would be accompanied by a substantial increase in resources for operational activities on a predictable, continued and assured basis commensurate with the increasing needs of the developing countries. It was only fair that that agreement should be respected.

Lastly, in order to ensure the effective use of United Nations resources for economic and social development, it was important to strengthen coordination with other multilateral and intergovernmental agencies such as the Bretton Woods institutions.

Mr. CHOWDHURY (Bangladesh), having endorsed the statement by the spokesman for the Group of 77, said that a number of aspects of the topic under discussion demanded special attention. Development should be people-centred and participatory. Civil society should be fully involved in the process and the activities of the United Nations agencies should be directed to that end. An important focus of those activities should be the building of national capacity for sustainable human development, both in the Government and in civil society.

The programme approach remained an important element in integrating the efforts of the United Nations system with national priorities and plans and in mobilizing adequate resources. United Nations operational activities should also promote greater South-South cooperation, as well as regional cooperation through the strengthening of regional institutions and economic groupings. Any reform of those activities should be relevant to the needs of the developing countries and take account of their interests and experience.

Priority attention should be paid to those countries whose needs were greatest, particularly the African and least developed countries (LDCs). The

programmes for those countries must be well coordinated, at both the headquarters and field levels, to ensure greater efficiency and effectiveness. Better governance, accountability and transparency were important elements in the efficient use of resources and should be given very high priority in the policy framework of all countries.

The continuing decline in core resources for the United Nations agencies had serious implications for the future. The agreement reached in General Assembly resolution 50/227 should be borne in mind. In any reform exercise relating to operational activities, it should be remembered that the resident coordinator system had been working well, although it might need further refining. The linkage between the CSN and the UNDAF needed to be clarified and clearly understood by all concerned.

The executive boards of the various agencies should establish clear priorities for their activities and be guided by them in their country programmes. The amalgamation of executive boards might well have a negative impact on the programme activities of their respective agencies. Serious thought should be given to new funding mechanisms and some of the ideas presented at the previous meeting should be further explored. Pledging conference machinery should be re-examined so that appropriate ways of ensuring increased funding commitments could be identified.

His delegation was particularly appreciative of the important statements made at the previous meeting by the Executive Directors of the United Nations Children's Fund (UNICEF) and United Nations Population Fund (UNFPA). Both agencies had done much to promote human development in the developing countries under their respective mandates and his delegation strongly supported the strengthening of their operations through increased operational autonomy and flexibility.

United Nations operational activities were a key component of broader international cooperation for development and an example of the partnership to which the spokesman for the European Union had referred. The Council's deliberations and recommendations should reflect that partnership appropriately.

Mr. AMORIM (Brazil), while noting the efforts made to promote operational efficiency and coherence, said that the United Nations would be

unable to engage in effective follow-up to the world conferences on development unless it addressed the more crucial issue of the level and nature of funding.

Resources were necessarily limited in the developing countries and adequate structures to operationalize cooperation typically lacking. Additional resources might still, however, be mobilized from both the public and private sectors, providing that the innovative strategies used were properly adapted for local use, and not merely transposed from a developed context. More resources from developed countries could be actively channelled into encouraging "triangular" South-South cooperation and the development experience of developing countries should be harnessed to the full in such cooperation, since experts and products from the South were cheaper and often better adjusted to the realities of other developing countries.

Latin America had seen an increase in cost-sharing, which had involved the pooling of resources from governments (both local and national) UNDP core resources and funds from other sources such as the World Bank. Thus, in his own country, UNDP had mobilized approximately US\$ 500 million by the end of 1996, only US\$ 9 million of which had come from its core resources. Cost-sharing enabled the United Nations development system to be used to further sustainable human development, and the country's own financial contribution strengthened its sense of programme ownership. Other recipient countries might benefit from Brazil's experience, notably the LDCs and countries with economies in transition. Wider dissemination of the cost-sharing arrangement would release resources for other activities.

Several of the proposals for innovative sources of funding (such as international taxation) were probably unrealistic; others shifted the financial burden of implementing international commitments to developing countries. Innovative sources were, indeed, worth investigating, but as a means of generating additional resources, and not as a potential solution to the funding crisis. An effective solution hinged above all on the political will of developed countries to attain their ODA targets.

Although the concept of "donor fatigue" had become widespread, "recipient fatigue" and frustration with broken promises tended to be less well highlighted. The expectations of the poorer countries had not been fulfilled and hopes were giving way to suspicion. The global partnership which had emerged from the various world summits was being rapidly eroded,

endangering international cooperation for development and threatening the effectiveness of the United Nations in all arenas, including the environment, human rights and even peace and security. The international community did have the power to halt the spread of donor fatigue. Its causes could be debated ad infinitum, but what was needed was action. Such was the true mandate of the Charter.

Ms. DURRANT (Jamaica), having endorsed the statement by the spokesman of the Group of 77 and praised the thoroughness of the Secretary-General's reports (E/1997/65 and Add.1-4), said that it was vital that the impact of operational activities at country level be strengthened since they were instrumental in managing development processes in many countries. The question of funding operational activities and the efficient utilization of resources had become all the more urgent since the developing countries had to adapt to changes in the world economic environment.

Her delegation, which was encouraged by the frank exchange of views between the heads of agencies and representatives of Governments that had taken place on measures to strengthen the delivery of operational activities, believed that the Council's role as the central coordinating mechanism must continue to be strengthened through interactive debates on issues of direct relevance to the Member States.

Since declining resources would have a negative impact on the delivery and success of programmes in developing countries, the provision of predictable, continuous and assured funding was vital. The United Nations agencies relied heavily on core funds, and the continued decline in those funds (E/1997/65/Add.1) was thus a cause for alarm. Non-core funds, typically allocated for specific purposes, must not be seen as a substitute for core funds, and the voluntary nature, neutrality and multilateralism of operational funds must be maintained.

Capacity-building was, indeed, the "missing link" in development, for it served to enhance skills and competence, and thus contributed to sustainability. Field level coordination was also crucial.

In her own country, the national execution modality had served as the main mechanism for implementing UNDP-funded projects, and that had resulted in a sense of local ownership of programming, promoting self-reliance and enhancing national capacity. Her Government had worked with the various agencies to develop public sector skills and help train personnel.

In Jamaica, the Resident Coordinator also coordinated the donor/lender group which had proved most effective, especially in information-sharing. Relevant information on the development activities of the various agencies was currently being collated in the form of a database, with greater transparency helping to eliminate duplication in the country's development programmes.

The resident coordinator's role must be clearly delineated to avoid confusion and duality. As the Executive Director of UNFPA had pointed out, the resident coordinator system must be divorced from personalities and based on highly skilled staff and common performance-evaluation criteria. It was also vital to ensure that United Nations objectives did not conflict with national priorities; closer collaboration with Governments would ensure greater impact at the operational level. The resident coordinator must be sensitive to country-specific needs and respect the national ownership of the development process. Furthermore, funding for core resources must be re-examined to incorporate the concerns of Governments wishing to have access to those funds.

At the operational level, there must be clear demonstration of the benefits of a multilateral approach to global problems, with a view to generating public support and promoting international commitments. The involvement of civil society, non-governmental organizations (NGOs) and the private sector must be increased, particularly in the follow-up to the global conferences. Greater emphasis should be placed on South-South cooperation.

Mr. SHAH (India), having endorsed the statement by the spokesman for the Group of 77, said that the agenda for development adopted by the General Assembly stressed that development was "one of the main priorities of the United Nations". Achieving a higher quality of life for all people was indeed a multidimensional undertaking. Since the United Nations was "about people", any discussions on operational activities for development must be seen in the context of sustained economic growth and development, which must top the Organization's agenda.

International cooperation was an important dimension of United Nations developmental activity, and it was only right that its funding should form a topic for a high-level debate. The question of increasing resources in keeping with the evolving needs of recipient countries and of enhancing the effectiveness of operational activities was of continuing concern to all Member States, and an essential element of the reform process.

While welcoming the successful efficiency measures which had been implemented, he stressed that reforms were no substitute for resources. The Agenda for development had made it clear that the capacity of the United Nations agencies to respond to the needs of developing countries was being jeopardized by a persistent inadequacy of resources. Insufficient action had been taken to reverse the decline in core funding.

It was indeed imperative that the fundamental characteristics of United Nations development assistance be maintained, especially given the sharp declines in ODA flows.

A small number of countries were the prime contributors to both core and non-core funds. The Secretary-General's report had made several thought-provoking proposals for addressing the decline in resources available. Innovative funding must not, however, become an excuse for reducing governmental commitments to funding operational activities.

Political will must be mobilized to ensure that existing commitments were honoured in a spirit of true global partnership. The developing countries must not be expected to shoulder alone the financial burden of international commitments. While it was imperative that South-South cooperation modalities should play an important role, the long-term effectiveness of United Nations operational activities could be ensured only through increased predictable funding which would take into account criteria such as per capita income and the effectiveness of aid utilization. Existing mechanisms such as the annual pledging conference needed to be scrutinized with a view to improving their capacity for mobilizing additional resources.

Mr. GARCIA MORITAN (Argentina) said that he welcomed the specific recommendations in the Secretary-General's reports on the funding of United Nations operational activities for development. He also welcomed the opportunity to discuss the topic of funding at the current high-level segment of the session, in preparation for the next triennial policy review in the context of the implementation of General Assembly resolution 50/120.

The need to increase resources to meet the ever-growing needs of the recipient countries and to ensure a more stable and predictable funding system was a matter of constant concern to his Government and an essential element of the reform process. Emphasizing the importance attached by his Government to United Nations operational activities for development, he noted that, without

adequate funding, it would be very difficult for the United Nations development agencies to carry out their respective mandates.

Conscious of the financial limitations of the United Nations and of the restrictive conditions imposed by some major donor countries, his delegation urged that a mechanism be established whereby financial goals would be set for each of the programming cycles of the various agencies. In that connection, it supported the idea of considering the possibility of eliciting additional contributions from non-governmental sources, including private international organizations, and the private sector. To enhance coordination at the national and regional levels, the role of the resident coordinator should be strengthened and his planning and programming coordination responsibilities and powers increased, in close consultation with Governments, as part of the preparation of the CSNs.

There was a link between contributions and efficiency and it was important that any increase in funds should be accompanied by improvements in development programmes and by an agreement between donor and recipient countries regarding the more effective utilization of resources in accordance with the priorities set in national plans. His delegation hoped that the reform initiatives introduced by the Secretariat would help to make the operational activities of the United Nations agencies more efficient and effective.

Mr. AGURTSOU (Belarus) said that the priorities of operational activities should be to strengthen international cooperation for development, and concentrate resources available on key areas. Operational activities should be carried out in the interests of recipient countries, at their request and in accordance with their own policies and priorities. The underlying principles must be universality, neutrality and multilateralism.

General questions relating to financing mechanisms should be considered in the General Assembly's triennial policy review, including the link between financing and programmes. The Council should discuss the general financial situation of the agencies and make recommendations both to the agencies themselves and to the General Assembly. His delegation supported measures to harmonize budgetary presentations.

In allocating resources, priority should be given to low-income countries, particularly the LDCs, while taking into account the special requirements of the countries with economies in transition, in accordance with

General Assembly resolution 50/227. It would also be necessary to devise innovative funding mechanisms, drawing upon national private-sector and new international sources, but they should be considered only as additional sources and not as substitutes for existing funding methods.

His delegation shared the concern expressed by several speakers that many United Nations resolutions and decisions on the provision of financial resources on a continuing and predictable basis remained unimplemented. Another important problem was how to enhance the effectiveness of programme activities, and make optimum use of the available resources.

Mr. SINYINZA (Zambia) said that reforms to system-wide operational activities, essential though they were, seemed unfortunately to be cloaking a loss of faith in the ability to pursue the common good. The key challenge facing the United Nations during the period of reform was to strike a balance between delivery and structural change. The harmonization of rules and procedures did not, however, appear to be leading to a simplification of programming processes, as recipient countries desired, and concerns with coordination might be diverting attention from delivery issues.

Decentralization and devolution of authority to the field level were making only slow progress. Increasing financial resources was also being seen as peripheral to development cooperation, and was spoken of only in the past tense. Scepticism, especially on the key issue of funding, was an obstacle to progress, and a selective style was slowly becoming the norm. A consensus should be developed on how to use private-sector funds and the possibility of introducing negotiated pledges or assessed contributions considered.

Whatever options were chosen, the multilateral nature of current funding modalities, and particularly the principles of universality, and impartiality, and the priority allocation of resources to low income and least developed countries, must be protected. Resource mobilization must be supported by a new political will, with a return to the clear division of responsibilities that had once existed.

Mr. RAZA (Observer for Pakistan) said that it should be possible for the members of the Council to agree on specific ways of enhancing the funding of operational activities since there was agreement that those activities had an invaluable developmental function and that their funding was at an unacceptably low level. Among the suggestions that had been made was one that the private sector, including NGOs, should be tapped for funds. In

that case, it was important to consider how much funding was likely to be available, what the experience of the United Nations agencies had been in that regard, particularly in respect of the terms and conditions attached to such contributions, and what policy adjustments would be needed to attract private-sector funding. His delegation's initial reaction was that the potential for mobilizing such funds was not likely to be commensurate with the needs and that there was a distinct possibility that the basic mandate and character of the United Nations operational agencies would be compromised.

It had also been suggested that future funding would depend on further reforms of the United Nations agencies, leading to enhanced effectiveness and thus increased support. His delegation was not convinced that there was a causal link between reforms and increased financing. The United Nations agencies had been undergoing reforms for many years but they had not resulted in any increase in funding. It had been further suggested that the adoption of well-defined priorities and a clearly defined relationship between the tasks and the resources required to carry them out would attract greater funding.

It was not, however, a lack of clear priorities or an absence of linkage between priorities and resources that had resulted in the decrease in funding. In the case of UNDP, for instance, there had been a clear understanding that a minimum amount of about 1 billion dollars per annum would be needed for the next three years, based on an agreed and costed work programme, but that notional target had not been reached.

Another proposal was that there should be unified pledging for all programmes and funds. There again, his delegation doubted that that would result in greater funding and there was a distinct possibility that well-managed and well-regarded agencies might suffer, since donors could not be sure that the resources thus provided would reach such agencies.

The reasons for the increase in non-core funding should be carefully explored and the necessary lessons drawn. His delegation would welcome a frank discussion of the topic although its perspective with regard to the increase in trust funds might well be different from that of the donor countries. A close examination should be made of the impact of the increase in non-core funding on the agencies' basic mandates. The secretariats, in particular, were politely noncommittal about the specific impact of non-core funding, because it strengthened the financial position of their agencies.

The expressed willingness to reallocate the resources released by the reform process was encouraging and the channelling of such savings to operational activities was undoubtedly an area to be examined. So far, however, the experience had been a disappointing one. The dramatic reforms to UNCTAD, for example, had not resulted in any benefit from the undoubted savings, and that did not augur well for the other United Nations funds and programmes.

His delegation looked forward to productive consultations on the matter. He would stress, however, that any specific recommendations should seek to strengthen the financial basis of United Nations operational activities while at the same time respecting the fundamental features of those activities: namely, their universal, neutral and demand-driven character. If the Council proved capable of submitting such recommendations to the General Assembly, it would have done its work well.

Mr. IBRAHIM (Malaysia), having endorsed the statement by the spokesman for the Group of 77 and the views expressed by the representative of Thailand, said he agreed with previous speakers that, while non-core resources might be particularly attractive to some donor countries, they must not be allowed to detract from the importance of core resources to the extent that the neutral and multilateral character of United Nations agencies was jeopardized. His delegation supported the annual pledging conference as a mechanism by which countries could exercise their political will.

The reform effort already under way and the impending announcement by the Secretary-General of his Track Two reforms must not encourage donor countries to pursue reform for its own sake. The purpose of the reforms was to enhance effectiveness and efficiency, but they should be balanced by increased funding and not used as an excuse for the opposite.

His delegation was in favour of bringing the private sector into the mainstream of development and the possibility of doing so should be explored, but not at the expense of ODA. Unfortunately, at a time when ODA was at its lowest level for 10 years and the needs of the LDCs more pressing than ever, there was no clear indication of any commitment to increased government funding. Nevertheless, his delegation would give careful consideration to any specific recommendations aimed at increasing the resources for operational activities.

Mr. TREMEAUD (Assistant Director-General, International Labour Organization) said that a new vision of how the United Nations system should work at the country level was beginning to emerge. On the basis of a broad common agenda established by the global conferences, a policy dialogue would be conducted with national authorities, leading to a CSN or similar document to provide a broad framework for development cooperation, leading to the formulation of specific strategies for local implementation with the assistance of the resident coordinator. The establishment of the United Nations Staff College Project, at the ILO International Training Centre, was a practical contribution to the realization of that vision.

An effective system of financing operational activities for development, "on a predictable, continuous and assured basis", was of cardinal importance and required the design of a machinery that ensured that resources were channelled in ways that supported the complementary functions of the different components of the United Nations system. That objective was far from being achieved as the report on trends in core and non-core funding (E/1997/65/Add.1) showed. There had been a decline in core funding of the technical cooperation activities of the specialized agencies, accompanied by a relative increase in resources from non-United Nations system partners. One consequence was that the various different parts of the United Nations system were being forced to compete for scarce resources at the very time when they were being urged to work more closely together. Another was that central financing bodies with diminishing resources, particularly UNDP, were increasingly themselves carrying out technical operations that had previously been conducted by the specialized agencies, while the latter were acting as financing agencies in their attempt to mobilize resources.

Those were developments that had not been sufficiently taken into account in recent General Assembly and Council resolutions. A new system of financing was, therefore, required for the purpose of: obtaining the resources necessary for priority programmes; establishing a strong link between practical and normative activities; and achieving complementarity between voluntary contributions and those coming from the regular budget. That would imply that core resources should be allotted to assistance to countries in drawing up overall strategies; that UNDP core resources should be used to ensure that full use was made of the technical advisory capacity of the specialized agencies, and that specialized agencies' work programmes

financed by the regular budget contributed to the formulation and implementation of national programmes; that beneficiary countries made full use of all relevant parts of the United Nations system; and that the resources mobilized by specialized agencies from multi-bilateral donors contributed to that overall effect.

Mr. DUVIEUSART (Director, Bureau for Extrabudgetary Resources, United Nations Educational, Scientific and Cultural Organization) said that his organization's view of the situation was based on: the decline in ODA; the extremely rapid growth of private capital flows to a limited number of developing countries; and the extension of cooperation policy to cover the social and human dimensions of development. With the last-mentioned had gone a shift away from the exclusive pursuit of economic growth and rigour towards human development and social aspirations, where UNESCO could make a greater contribution.

The increase in private capital flows was in itself a welcome development, but ODA was also required to ensure that imbalances, particularly those affecting the least well off, did not occur. Strategical alliances were required between the Bretton Woods institutions, United Nations funds and programmes, and the specialized agencies, which had a vital role to play in

the new situation. Their primary function was to establish a political dialogue with Member States, help them to analyse the needs of their peoples, and prepare investment and development programmes attractive to donors. They could also help to strengthen national capacities, particularly with regard to the execution of programmes and projects.

The meeting rose at 5.05 p.m.